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Attorney for Defendant
RENATO LIBRIC

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, 18-CR-00196-MMC

Plaintiff,

DEFENDANT'S SENTENCING MEMORANDUM

v.

RENATO LIBRIC,

Defendant.

Date: December 19, 2018
Time: 2:00 p.m.
Hon. Maxine Chesney

I.

INTRODUCTION

On May 10, 2018, a one count indictment was filed in the Northern District of California, charging Renato Libric with a violation of 18 U.S.C. 1343, Wire Fraud. The defendant was arrested on the same day and has remained in custody since. Less than four months later, on September 5, 2018, defendant pleaded guilty to the indictment pursuant to a plea agreement. The plea provided the Court with an agreement as to the \$1.5 million loss as well as the applicable guideline range. The PSR is in agreement with the guideline calculations as well as the underlying facts presented in the plea agreement.

II.**BACKGROUND**

Renato Libric came of age during the four-year Croatian war for independence, as well as the collapse of Socialist-Communist rule. Renato's parents sent him to the U.S. for his last year in High School, hoping to avoid the draft. When he returned, he was drafted, and served by working in a hospital in the lung cancer ward. Thereafter, he enrolled in college in Croatia. He met his wife while attending college and the two of them, in the year 2000, left for Massachusetts where they spent a year working in local four-star hotel properties in the town of Williamstown. They received training in the hotel/service industry. The experience was inspirational for Renato and increased his confidence and experience in dealing with the business world outside of war-torn Croatia.

Upon his return, he graduated with a Bachelor's from the Rochester Institute of Technology which had a campus in Zagreb, Croatia. His first job after graduating was working for Federal Express in Croatia. He then migrated to working in the commercial real estate industry in Croatia which was an emerging market. The possibility of shopping centers coming into being in this depressed area represented a potential opportunity that Renato identified while working with a large commercial real estate firm. He became a research analyst and later a leasing agent, primarily working with the leasing of large shopping centers in Europe. This was the first experience Renato had identifying an area and following through with a concept and business plan to produce income-generating products. He made

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1 many contacts in the business and IT worlds in Croatia and
2 Europe during his work in commercial real estate.

3 Renato's connection with various IT persons in Croatia
4 resulted in his awareness of the emerging technology of various
5 alternative ways of transferring or gifting money without
6 resorting to banks or credit cards. This is the period of time,
7 with the emergence of block-chain technology, that ultimately
8 led to crypto-currencies. Renato, along with his connections in
9 Croatia doing software development, realized there was a
10 potential product that would allow the giving of gift cards
11 without resorting to banks or credit cards using this
12 technology. This idea resulted in the birth of Beauxtie.

13 In 2013 Goppingit, consisting of the Luxembourg entity and
14 the United Kingdom entity, decided to form a company to bring
15 the technology into the United States. In 2014 this company
16 became Beauxtie, Inc. Sometime after migrating to the United
17 States, Beauxtie realized that this technology would be best
18 used for business employee reward programs. The software
19 developed by Beauxtie would allow a large company to deliver
20 bonuses to its employees that could be used virtually anywhere
21 without having to issue a credit card or involve an outside
22 bank.

23 III.

24 OFFENSE CONDUCT

25 Beauxtie ultimately raised more than \$4 million in
26 operating capital to pay for its employees and continuing
27 software development as well as developing sales and marketing
28 for the product. The company had pivoted once arriving in the

1 U.S., to the business-to-business model and was on the verge of
2 landing large contracts when the money started to run out.
3 Beauxtie had signed approximately 250 retailers and was in the
4 process of marketing the application to large companies such as
5 Salesforce. The company teetered on the edge of success and it
6 was in this environment that Renato Libric committed the tragic
7 error that doomed him to face charges here, an error that ended
8 up destroying the company he had dedicated all his resources and
9 years of his life to creating.

10 In August of 2017, Renato was introduced to Natalie Lim and
11 David Lipson, who represented Moose Run, LLC. David Lipson was
12 a long-time, wealthy and sophisticated investor participating in
13 both large and small-scale investments across multiple
14 industries over the last 50 years. Renato was soliciting an
15 investment of \$1.5 million. Over the next six months Renato
16 engaged in a course of conduct in which he presented forged
17 documents to Moose Run in an effort to secure the \$1.5 million
18 investment.

19 The \$1.5 million received by Beauxtie went to ongoing
20 legitimate expenses of Beauxtie, Inc., including paying past due
21 amounts to employees and sub-contractors. There is no evidence
22 that the company treated the Moose Run investment any different
23 than it had funds secured from previous investors. Both
24 payments and salaries to employees and sub-contractors were
25 consistent before and after the Moose Run investment. The
26 \$136,352 transferred from the Beauxtie account to Renato
27 Libric's personal account (see Par. 11, PSR) was payment to
28 Renato for past due expenses and salary.

1 IV.

2 FAMILY CIRCUMSTANCES

3 Renato Libric is the only child of father Ivica Libric,
4 aged 80, and mother Anamarija Libric, aged 59. Renato had been
5 the sole support of his wife, Ira, and their five year-old
6 child, Krishna, prior to his arrest in this case. Renato's
7 mother is facing serious medical issues after surviving cancer
8 of the pituitary gland. She is now suffering from COPD and has
9 a lung capacity of only 28%. She is in desperate need of a lung
10 transplant but such transplant is unlikely since the procedure
11 is unavailable in Croatia. Renato's father, a stone and tile
12 mason, will soon be unable to work due to his advanced age.
13 Renato's family is in desperate need for him to return to
14 Croatia.

15
16 CONCLUSION

17 Renato Libric will be deported at the conclusion of this
18 case. He has remained in custody since his arrest in May
19 because of his immigration status. He has endured the maximum
20 security conditions within Glenn E. Dyer Jail in Oakland,
21 California while awaiting trial.

22 Renato has used his time while incarcerated to reach out to
23 and attempt to help the inmates incarcerated with him. He has
24 helped inmates obtain their GEDs and spoken with inmates about
25 the importance of family and personal relationships. Several
26 inmates, aware of the dire health issues facing Renato's mother,
27 wrote letters to her informing her that her son, despite being
28 incarcerated and despite the mistakes he had made, had been a

1 powerful and positive presence within the confines of the jail.
2 Not only did Renato help his fellow prisoners obtain their GEDs,
3 he also worked to help his fellow prisoners accept
4 responsibility for their actions and face the consequences of
5 their actions in a real and meaningful way (Exhibits 4, 5, 6, 7,
6 & 8).

7 The extreme conditions of pre-sentence incarceration along
8 with his efforts to help his fellow prisoners as well as his
9 desperate family situation in Croatia warrant a sentence below
10 the proposed advisory guideline sentence of 33 months.

11
12 Dated: December 12, 2018 Respectfully Submitted,

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14 By /S/ RANDOLPH E. DAAR
15 Randolph E. Daar
16 Attorney for Defendant
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